

# HOUSE BILL REPORT

## SSB 6712

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**As Reported by House Committee On:**  
Finance

**Title:** An act relating to extending expiring tax incentives for certain clean alternative fuel vehicles, producers of certain biofuels, and federal aviation regulation part 145 certificated repair stations.

**Brief Description:** Extending expiring tax incentives for certain clean alternative fuel vehicles, producers of certain biofuels, and federal aviation regulation part 145 certificated repair stations.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Hobbs, Shin and Kilmer; by request of Department of Revenue).

**Brief History:**

**Committee Activity:**

Finance: 3/18/10 [DPA].

**Brief Summary of Substitute Bill  
(As Amended by House)**

- Extends the expiration date for the tax preference for Federal Aviation Regulation part 145 aircraft repair stations.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass as amended. Signed by 6 members: Representatives Hunter, Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Conway, Santos and Springer.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Hasegawa, Vice Chair; Condotta.

**Staff:** Rick Peterson (786-7150).

**Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In 2003 the Legislature reduced the business and occupation (B&O) tax rate from 0.484 percent to 0.275 percent for firms that repair equipment used in interstate or foreign commerce. The exemption was limited to firms classified by the Federal Aviation Administration (FAA) as a Federal Aviation Regulation (FAR) part 145 certified repair stations with airframe and instrument ratings and limited ratings for nondestructive testing, radio, class three accessory, and specialized services. The lower rate was scheduled to end July 1, 2006.

In 2006 the reduced B&O tax rate for FAA certified repair stations was extended to July 1, 2011, and the tax rate was changed from 0.275 percent to 0.2904 percent. In 2008 the lower B&O rate was extended to all repair stations that engage in the repair of equipment used in interstate or foreign commerce.

New passenger cars, light duty trucks, and medium duty passenger vehicles exclusively powered by a clean alternative fuel are exempt from sales and use tax. Clean alternative fuel includes natural gas, propane, hydrogen, or electricity. The exemption expires January 1, 2011.

Buildings, machinery, equipment, and other personal property used primarily for a new or expanded manufacturing facility producing alcohol fuel, wood biomass fuel, biodiesel fuel, or biodiesel feedstock is eligible for a six-year property tax exemption or a six-year leasehold excise tax exemption. Applications must have been submitted by December 31, 2009.

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**Summary of Amended Bill:**

The expiration date for FAR part 145 certified repair stations is extended from July 1, 2011, to July 1, 2024.

**Amended Bill Compared to Substitute Bill:**

The amended bill removes the extension of the expiration dates of sales and use tax exemptions for clean alternative fuel vehicles and the property and leasehold excise tax exemptions for manufacturers of alternative fuels.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 19, 2010.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) There are 1,200 good jobs in Spokane at a certified aircraft repair station. There are 122 companies in the state that are certified repair stations. These firms have been stable during the recession. This is one of the first industries to provide annual reporting to demonstrate that tax benefits have resulted in job creation. These programs have proven to be successful.

(Opposed) None.

**Persons Testifying:** Senator Hobbs, prime sponsor; Drew Shirk, Department of Revenue; Linda Lanham, Aerospace Futures Alliance; and Steve Gano, Aviation and Technical Services.

**Persons Signed In To Testify But Not Testifying:** None.